

Congressional Briefing Looks at Role of Government-Owned Mortgage Companies, Lenders and Community-Based Organizations

October 4, 2010

Media Contact: Douglas Rivlin (202) 225-8203

FOR IMMEDIATE RELEASE

(Washington, DC) – Today, Rep. Luis V. Gutierrez (D-IL) and Rep. Mike Quigley (D-IL) convened a briefing in Chicago on efforts to provide relief to property owners facing foreclosure and the role of government-owned companies (e.g., Freddie and Fannie) in the mortgage and foreclosure crisis. With chaos in Chicago and around the country already -- compounded by confusion over the foreclosure practices of some of the country's biggest lenders -- the hearing was a forum for all sides to discuss the problems they are having with the current process and what can be done to fix these problems.

"This is about keeping property values up, keeping streets safe, neighborhoods vibrant, and making sure we keep the economy moving forward to create jobs right here in Chicago," said Rep. Gutierrez, who Chairs the House Financial Services Subcommittee on Financial Institutions and Consumer Credit. "Even as few as two or three foreclosures in a neighborhood can dramatically lower property values, leaving vacant or boarded properties and driving

families out and criminals in; so we have to arm community groups, local governments, and property owners with the tools to avoid foreclosures. And we need the federal and state governments working with the City of Chicago and the private sector to address the problem."

The mix of local, state, federal, and private efforts to prevent home loan foreclosures presents a confusing and sometimes contradictory picture for consumers and lawmakers alike. Concerns have been raised about the efficacy of current foreclosure mitigation processes, including the role of government-owned companies in coordination with banks and community groups to prevent additional foreclosures and evictions.

"With families across Chicago and the nation struggling, it is essential that we do everything we can to help keep Americans in their homes," said Rep. Quigley, who represents the 5th Congressional District on Chicago's North Side. "This forum is an opportunity for all sides of the foreclosure debate to come together, communicate directly, and work toward solutions. I also want to thank Rep. Gutierrez for convening today's panel and his continued commitment to helping Chicagoans through these tough times."

At the briefing, a panel City of Chicago elected officials, including Aldermen Richard Mell and Roberto Maldonado were joined by representatives of community-based groups that help consumers avoid foreclosures. They have often gone above and beyond the call of duty in counseling property owners and in mobilizing the community to ensure that property foreclosures do not negatively impact the surrounding neighborhoods and businesses.

Representatives from the two federally-owned mortgage giants, Freddie Mac and Fannie Mae, were among the witnesses, as were representatives of Wells Fargo home mortgage and the Federal Housing Finance Agency. Representatives of Ally Financial, which has been at the center of the foreclosure documentation controversy nationwide (and in Illinois), were invited to testify, but did not attend the event. An empty chair was placed at the witness table to indicate Ally's no-show status.

"Over the last few weeks we have seen a constant stream of reports that big mortgage lenders are not even processing the paperwork properly in a trillion dollar foreclosure industry that is preying on property owners," Rep. Gutierrez said. "I want to get some answers from the industry about why attorneys general, including Attorney General Madigan, are demanding that foreclosure proceedings be halted until further review."

Reps. Quigley and Gutierrez praised the efforts of community-based organizations and local government officials, but said they would redouble their efforts in Washington to ensure that state and federal entities and big mortgage lenders in the private sector are doing their part.

"I applaud Alderman Mell, Alderman Maldonado, and community groups like the LUCHA and the Albany Park Neighborhood Council for what they are doing," Rep. Gutierrez said. "But at the federal level, we need to make sure every entity is doing what they can to help those on the ground and in the cities and neighborhoods prevent foreclosures and help mitigate damage to the economy when they occur."

###